Example: Corporate-owned TERM policy

$4,000,000 Lincoln Financial TERM Policy

- Male, age 69
- Health: Cerebrovascular accident, spastic hemiplegia, vascular dementia with anxiety, seizure disorder and coronary artery disease.
- Life Expectancy: 141 months (11.75 years)

The Situation

The policy was owned by the insured's corporation which was being sold. A buyer for the business was found, and the insured's company was sold. The new owners did not want the TERM insurance policy on the life of the previous owner, so the policy was transferred into a stand-alone LLC owned by the insured and several family members.

After the transfer, the TERM policy was converted into a permeant Universal Life policy with premiums of $130,000 annually. **The policy was then sold for $737,000.**
Time to complete the entire transaction: 1 year

Take-aways

- Corporate owned policies can be sold.
- TERM policies that have zero cash value but can be converted can be worth a lot of money.
- It is critical to understand when a TERM policy CAN be converted.
- A TRUST company was utilized throughout this transaction.

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